

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 AGRE-00 NSC-05 SS-15  
STR-07 CEA-01 OES-09 INT-05 DOE-15 SOE-02 L-03  
/125 W

-----009733 211437Z /50

R 211153Z JUL 78  
FM AMEMBASSY WARSAW  
TO SECSTATE WASHDC 6319  
INFO AMEMBASSY BELGRADE  
AMEMBASSY BERLIN  
AMEMBASSY BUCHAREST  
AMEMBASSY BUDAPEST  
AMEMBASSY MOSCOW  
AMEMBASSY PRAGUE  
AMEMBASSY SOFIA

LIMITED OFFICIAL USE SECTION 1 OF 2 WARSAW 6218  
DEPT PASS COMMERCE AND AGRICULTURE

EO 11652N/A  
TAGS: PEPR, EGEN, EAGR, ETRA, PINT, PL, US  
SUBJ: AMBASSADORIAL MEETING WITH VICE PREMIER JAGIELSKI

1. VICE PREMIER MIECZYSLAW JAGIELSKI, CO-CHAIRMAN OF THE  
POLISH-AMERICAN JOINT ECONOMIC COMMISSION,  
SUGGESTED THAT I COME TO SEE HIM WHEN WE MET AT THE FRENCH EMBASSY'S  
BASTILLE DAY RECEPTION JULY 14. WE MET JULY 20 AT THE ADMINIS-  
TRATIVE BUILDING OF THE COUNCIL OF MINISTERS. JAGIELSKI,  
SPEAKING ON BEHALF OF THE COUNCIL OF MINISTERS, DELIVERED A 45-MINUTE  
MONOLOGUE DURING WHICH HE TOUCHED UPON ISSUES OF BILATERAL  
TRADE, POLISH ECONOMIC PROSPECTS FOR 1978,  
AND, BY IMPLICATION, DETENTE.

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2. JAGIELSKI SAID THE GOAL OF POLISH AGRICULTURE IS  
THE "LIQUIDATION" OF IMPORTS OF GRAIN. HE IMPLIED  
THAT THIS GOAL WILL BE ATTAINED IN THE LONG RUN.  
THE MECHANIZATION OF POLISH AGRICULTURE, JAGIELSKI  
SAID, WILL BE COMPLETED WITHIN THREE OR FOUR YEARS.

HE SAID POLAND WILL PRODUCE 70,000 - 80,000 TRACTORS

ANNUALLY BY 1982 AND THE NEW POLICE FERTILIZER PLANT AT POLICE WILL MAKE 400,000 - 500,000 TONS OF NITROGEN FERTILIZER A YEAR. STRUCTURAL PROBLEMS IN POLISH AGRICULTURE REMAIN, HE NOTED, BUT THE GENERAL TREND FAVORS CONSOLIDATION OF POLISH FARMLAND INTO LARGE STATE FARMS AS YOUNG PEOPLE MOVE INTO CITIES TO PARTICIPATE IN POLAND'S CONTINUING INDUSTRIALIZATION. ACCORDING TO JAGIELSKI, THE GOP DOES NOT PLAN TO FORCE THE DEVELOPMENT OF STATE FARMS, BUT EXPECTS THEM TO BE FORCED NATURALLY AS MORE AND MORE AGING FARMERS TRADE IN THEIR HOLDINGS FOR PENSIONS. THIS DEVELOPMENT OF STATE FARMS, COUPLED WITH THE GOP'S POLICY TO ENCOURAGE SPECIALIZATION AMONG THE PRIVATE FARMERS WHO REMAIN ON THE LAND, WILL ASSURE POLAND'S AGRICULTURAL FUTURE.

3. IN THE SHORT RUN, HOWEVER, JAGIELSKI SAID, POLAND WILL STILL REQUIRE LARGE IMPORTS OF GRAIN, PRINCIPALLY FROM THE UNITED STATES. HE NOTED THAT POLAND HAS HAD FOUR CONSECUTIVE POOR HARVESTS. PROSPECTS FOR THIS YEAR ARE NOT "FAVORABLE". NINE PROVINCES IN NORTHWEST POLAND HAVE HAD VIRTUALLY NO RAIN THIS YEAR WHILE OTHER PARTS OF POLAND HAVE RECEIVED MORE THAN THEIR SHARE. AS A CONSEQUENCE, JAGIELSKI SAID, POLAND WILL BE OBLIGED TO IMPORT MORE GRAIN FROM THE UNITED STATES THAN PRE-LIMITED OFFICIAL USE

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VIOUSLY PLANNED, ALTHOUGH THE AMOUNT WILL STILL BE LESS THAN LAST YEAR. NATURALLY, JAGIELSKI CONTINUED, POLAND, AS A STEADY CUSTOMER OF AMERICAN AGRICULTURAL PRODUCTS, WANTS AND EXPECTS FAVORABLE CREDIT TERMS IN ORDER TO FACILITATE THE ADDITIONAL PURCHASES OF GRAIN. HE SAID POLAND WILL FORMALLY REQUEST MORE CREDITS IN THE NEAR FUTURE.

4. IN A REVIEW OF POLISH-AMERICAN ECONOMIC RELATIONS, JAGIELSKI DEPLORED THE FACT THAT THE BALANCE OF TRADE LIES HEAVILY IN FAVOR OF THE UNITED STATES. POLAND MUST BE ABLE TO EXPORT MORE TO THE UNITED STATES IN ORDER TO BUY MORE, HE SAID. AT THE SAME TIME, JAGIELSKI EXPRESSED DISAPPOINTMENT THAT THE UNITED STATES HAD NOT PLAYED A LARGER ROLE IN THE EXPANSION

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DEPT PASS COMMERCE AND AGRICULTURE

AND MODERNIZATION OF POLISH INDUSTRY. POLAND, HE SAID, HAS LARGE DEPOSITS OF MINERAL WEALTH, SUCH AS COPPER, TIN, AND COAL, WHICH IT WANTS TO EXPLOIT. DEVELOPMENT OF THESE RESOURCES WHICH, HE SAID, INCLUDE A VEIN OF EASILY ACCESSIBLE COAL SO ENORMOUS THAT IT STRETCHES FROM THE LUBLIN COAL BASIN TO THE OUTSKIRTS OF WARSAW, REQUIRES LONG-TERM INVESTMENTS. POLAND IS NEGOTIATING WITH A NUMBER OF COUNTRIES ON PROJECTS TO EXPLOIT THESE RESOURCES, BUT "UNFORTUNATELY" THE GOP HAS HAD NO OFFERS FROM THE UNITED STATES. IN VIEW OF THE FACT, JAGIELSKI SAID, THAT THE GOVERNMENTS OF "SOCIALIST" COUNTRIES ARE VERY STABLE DESPITE OCCASIONAL PER-

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SONNEL CHANGES, THE GOP HOPES TO ATTRACT THE INTEREST OF US BUSINESS IN DEVELOPING NEW INDUSTRIES IN POLAND AND MODERNIZING OLD ONES. HE ADDED THAT SUCH ENDEAVORS TO EXPLOIT POLAND'S NATURAL RESOURCES COULD HELP SOLVE US ENERGY PROBLEMS.

5. JAGIELSKI EXPRESSED CONCERN THAT THE "RISING TIDE" OF PROTECTIONISM IN THE WEST COULD SERIOUSLY DAMAGE EAST-WEST TRADE PROSPECTS. HE RECOUNTED A RECENT MEETING WITH AN UNNAMED LEADER IN A WESTERN COUNTRY HE DESCRIBED AS HEAVILY DEPENDENT ON TRADE WITH EASTERN EUROPE TO UNDERLINE THE POSSIBILITY THAT "SOCIALIST" COUNTRIES COULD BE FORCED TO TAKE COUNTERMEASURES SHOULD THE WAVE OF PROTECTIONISM IN THE WEST ROLL ON. "SOCIALIST" COUNTRIES, HE NOTED, COULD MORE EASILY IMPOSE SUCH MEASURES THAT "SO-CALLED FREE ECONOMIES" IN THE WEST. BUT, JAGIELSKI SAID, THE GOP IS INTERESTED IN BUSINESS NOT IDEOLOGY AND WANTS TO AVOID A WAR OF WORDS. HE SAID HE HOPES THE WEST WILL SOON EMERGE FROM ITS ECONOMIC QUAGMIRE SO THAT PROTECTIONIST SENTIMENT WILL ABATE AND EAST-WEST ECONOMIC COOPERATION COULD RESUME AT FULL SPEED.

6. I REMINDED JAGIELSKI THAT THE US TREATS EACH EAST EUROPEAN COUNTRY ON AN INDIVIDUAL BASIS. I ASSURED HIM THAT USG POLICY ON TRADE IS ANTI-PROTECTIONIST AND NOTED THAT STATEMENTS ISSUED AT THE BONN SUMMIT OF WESTERN LEADERS OPPOSED PROTECTIONISM AND EMBRACED THE USG POSITION ON THE NEED FOR GROWTH IN WESTERN ECONOMIES. I SAID THE USG SEES ROOM FOR FURTHER BILATERAL ECONOMIC COOPERATION AND ENCOURAGES US BUSINESSMEN REPRESENTATIVE LIMITED OFFICIAL USE

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SENTING FIRMS OF ALL SIZES TO CONSIDER INVESTMENT AND TRADE OPPORTUNITIES IN POLAND. I TOLD JAGIELSKI THAT IT IS UNDERSTANDABLE THAT LARGE MULTINATIONAL CORPORATIONS HAVE A LION'S SHARE OF US BUSINESS IN POLAND BECAUSE THEY HAVE A WIDER RANGE OF INTERESTS

AND EXPERIENCE IN INTERNATIONAL TRADE AND MORE EASILY ADAPT TO CONDITIONS IN POLAND THAN SMALLER US ENTERPRISES. I NOTED THAT MANY SMALLER US MANUFACTURERS WOULD LIKE TO EXPORT TO POLAND BUT COMPLAIN THAT THEY CANNOT FIND PRODUCTS IN POLAND SUITABLE FOR MARKETING IN THE UNITED STATES IN EXCHANGE.

7. I ASKED JAGIELSKI HOW HE ENVISIONS THE FUTURE BALANCE BETWEEN POLAND'S INTEGRATION INTO THE "SOCIALIST" INTERNATIONAL ECONOMIC SYSTEM AND ITS ECONOMIC COOPERATION WITH THE WEST. JAGIELSKI SAID NEITHER POLICY INTERFERES WITH THE OTHER. CEMA'S AMBITIOUS PLANS FOR THE INTEGRATION OF "SOCIALIST" ECONOMIES DO NOT, HE SAID, "ELIMINATE" POSSIBILI-

TIES OF BILATERAL COOPERATION WITH ALL OTHER COUNTRIES.

8. IN CONCLUSION, WE AGREED TO MEET AGAIN AFTER THE VACATION  
SEASON TO DISCUSS THE ARRANGEMENTS AND AGENDA FOR  
THE FALL SESSION OF THE MIXED COMMISSION.

SCHAUFEELE

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## Message Attributes

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